

The Progress of Medium-term Business Plan

(1) Achieved Objectives

Planned Period		April 2016 – March 2020						
			FY2016	FY2017		FY2018	FY2019	
				3rd Quarter				
			(Actual)	(Actual)	(Progress rate)	(Forecast)	(Forecast)	(Forecast)
Quantitative Objectives	Net Sales (bn)		1,514.0	1,306.5	76.9%	1,700.0	1,850.0	2,000.0
	Ordinary income (bn)	① STEADY	19.1	14.5	81.0%	18.0	19.0	20.0
		② SPEEDY	3.1	5.1	113.4%	4.5	5.0	6.0
		Sub total	22.2	19.6	87.5%	22.5	24.0	26.0
		③ STRATEGIC	0.7	-2.2	-	1.5	8.0	9.0
		Adjustment	0.0	-0.0	-	-	-	-
Total	22.9	17.3	72.4%	24.0	32.0	35.0		
New customers (In total)		697	524	78.6%	(667)	(668)	(668)	
		(697)	(1,221)	(45.2%)			2,700	
Investment Amount (bn) (In total)		11.2	24.1					
		(11.2)	(35.3)	(70.7%)			50.0	

- ※① STEADY... Revenue from established business
(Ordinary income from HANWA after deducting dividend income from subsidiaries and resource investments)
- ② SPEEDY... Revenue from group companies
(Ordinary income from consolidated subsidiaries, dividends from non-consolidated subsidiaries and equity in earnings of affiliates (excluding resource investees))
- ③ STRATEGIC... Revenue from strategic investments
(Equity in earnings of affiliates from resource investees and dividends from strategic investments)

(2) Progress

Group business revenue consisting of “STEADY” and “SPEEDY” has been well and progress rate for the fiscal year forecast was 87.5%. “STRATEGIC” revenue from resource investments is expected to contribute to profit from FY2018. The situation of our “3S” is as follows.

- ① STEADY... Progress has been better than standard rate (75%), due to steady sales in all business segments, increase in dividend income from investment securities that are outside of our group companies and decrease in exchange losses.
- ② SPEEDY... Progress has been better than standard rate, due to strong business results of domestic and overseas subsidiaries and equity-method affiliates, except sales subsidiary in North America.
- ③ STRATEGIC... In this fiscal year, Samancor Chrome Holdings Proprietary Limited (“Samancor”) became our equity method affiliate. However, significant decline in chromium price since 2nd quarter pushed down profit of Samancor attributable to Hanwa. In addition, expenses from elimination of unrealized profits and amortization of goodwill were incurred in first year of application. Thus, loss from “STRATEGIC” was 2.2 billion yen and progress rate was significantly lower than standard rate. please note HANWA received 1 billion yen in dividends from Samancor.

(Note) The numbers of quantitative objectives mentioned above were made based on the obtainable information as of February 9, 2018. The actual results may differ due to various factors. Especially, “STRATEGIC” results may fluctuate due to future trends of resources prices and/or currency.